



***CITY OF RYE, NEW YORK  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2000***

***Prepared by the  
Department of Finance  
Michael A. Genito, City Comptroller***



### CITY SEAL

The official City Seal displays the three significant dates in Rye history:

1660 - when the community was first settled, illustrated by a peace pipe,  
1904 - the year Rye became a village, showing a torch of progress, and  
1942 - the date Rye became a City.

The ship in the center is copied from the seal of Rye, England.

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## **INTRODUCTORY SECTION**

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## CITY OFFICIALS

STEVEN OTIS

Mayor

CAROLYN C. CUNNINGHAM

ROBERTA DOWNING

ROBERT H. HUTCHINGS

ROSAMOND LARR

DOUGLAS MCKEAN

ARTHUR H. STAMPLEMAN

Council Members

JULIA D. NOVAK

City Manager

J. HENRY NEALE, JR.

Corporation Council

MICHAEL A. GENITO

City Comptroller

NOREEN P. WHITTY

City Assessor

SUSAN A. MORISON

City Clerk

VINCENT TAMBURRO

City Building Inspector

GEORGE J. MOTTARELLA

City Engineer

JOSEPH A. VERILLE

Acting Police Commissioner

FREDERICK E. ZEPF

City Planner

JAMES DIANNI

Fire Inspector

VINCENT BALLANTONI

Fire Chief

WILLIAM T. RODRIGUEZ

Superintendent Recreation

JOSEPH M. CARLUCCI

General Foreman-Public Works

PETER D. FOX

Boat Basin Supervisor

TERRI SILVERMAN-JESSEN

Manager-Rye Golf Club

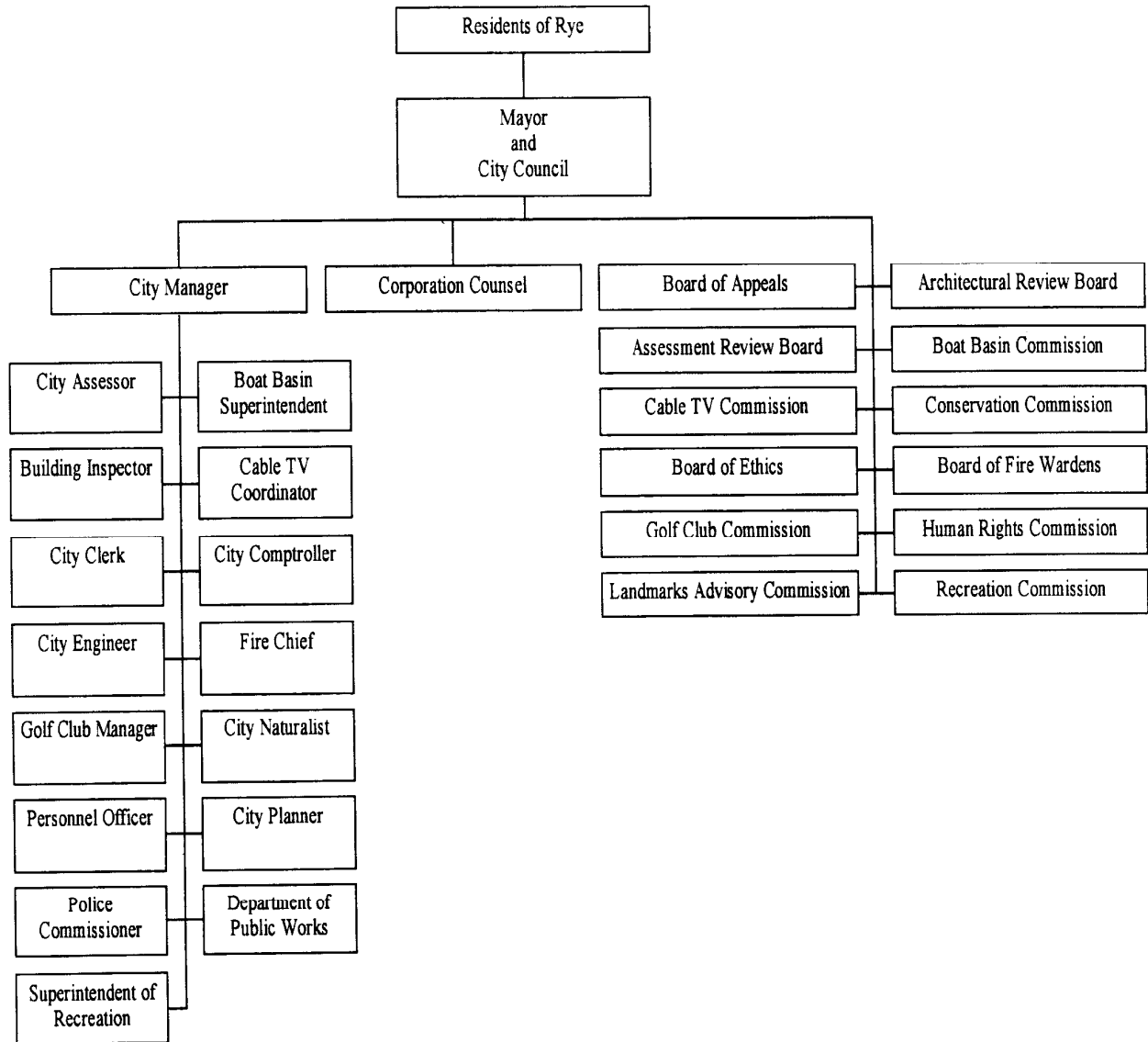
JAMES KENNY

RCTV Coordinator

CHANTAL SPEGLEVIN

Naturalist

## ORGANIZATIONAL CHART





Michael A. Genito  
City Comptroller  
1051 Boston Post Road  
Rye, New York 10580-2945

**CITY OF RYE**  
**Department of Finance**

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May 31, 2001

To the Citizens, the Honorable Mayor, Members of the City Council  
and City Manager of the City of Rye, New York:

Submitted herewith is the comprehensive annual financial report of the City of Rye, New York as of and for the year ended December 31, 2000. This report has been prepared by the City's Department of Finance in conformance with the standards set forth by the City Charter and reporting principles promulgated by the Governmental Accounting Standards Board (GASB) and the Government Finance Officers Association of the United States and Canada. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with management.

The comprehensive annual financial report is presented in three sections: introductory, financial and statistical. The introductory section includes this letter of transmittal, an organizational chart and a list of the City of Rye's principal elected and appointed officials for the period covered by this report. The financial section includes the general purpose financial statements and combining and individual fund and account group financial statements and schedules, as well as the independent auditors' report on these financial statements and schedules. The statistical section, which is unaudited, includes selected financial and demographic information, presented on a multi-year basis

**THE REPORTING ENTITY AND ITS SERVICES**

This report includes all the funds and account groups of the City. It includes all City organizations and activities for which the City is accountable. The City has considered all potential component units based on criteria set forth in GASB Statement No. 14 including legal standing, fiscal dependency and financial accountability. Based upon these criteria, there are no other entities which would be included in the financial statements of the City.

The City, in addition to general government services, provides police, fire and emergency medical services, construction and maintenance of infrastructure (roads, bridges, sewers, etc.), sanitation (including recycling), and recreational and cultural activities. The City maintains public access cable television and an internet site (<http://www.ci.rye.ny.us>). The City also operates a nature center, marina, golf course and swimming pool facilities.

## **LOCAL ECONOMIC CONDITION AND OUTLOOK**

The City of Rye is located in Westchester County, New York, on the Long Island Sound, approximately twenty-five miles north of New York City. The City's gentle and sophisticated country setting, conveniently located near a major metropolis, has earned it the reputation of being a desirable place to live, as featured in articles in *The New York Times* on May 11, 1997 and May 22, 1994. The City consistently makes the list of *Worth Magazine's* "America's Wealthiest Communities" and, in the June 2000 issue, ranked 91 among the top 250.

The City of Rye remained economically strong throughout 2000. The City's Aaa credit rating was confirmed by Moody's Investor Services with the issuance of our 2000 serial bonds. The 2000 taxable assessments increased to \$131,559,102 from \$130,271,093 in 1999. There were 225 residential sales during the year, with the average sales price of a home at \$924,600 (compared to \$815,400 in 1999), and the median sales price of a home at \$692,500 (compared to \$648,000 in 1999). There were 37 sales over \$1 million, with the highest single residential sale being \$5.75 million.

The Westchester County Planning Department estimated the 1996 median household income in the City of Rye to be \$89,069 compared with \$61,861 for Westchester County. This compares favorably with the Census Bureau's estimated 1996 median household income of \$34,707 for New York State and \$35,492 nationally. (The County has not updated its estimates since 1996). Unemployment figures for the City as a unit are not available, but according to the Bureau of Labor Statistics, the 2000 unemployment rate for Westchester County was 3.0%, which compares favorably against the New York State rate of 4.6% and the 4.0% national rate.

## **MAJOR INITIATIVES**

The City continued its aggressive investment in technology, infrastructure, buildings and equipment. \$200,438 was invested in technology initiatives and \$915,474 was invested in infrastructure (streets,

sidewalks, sewers, drains, parks and playgrounds). A major project, funded through Federal grants, involved aerial photography and mapping services to update the City's maps and make the data accessible through the City's geographic information system. \$382,653 was expended in 2000 on this project, and the data received to date appears to be of a very high quality.

The Rye Golf Club invested \$89,041 in various golf course improvements, and \$4,418,297 in the renovation of Whitby Castle, an historic building owned by the City and located on golf club grounds. Restaurant Associates (a world-famous food service provider) entered into a contract with the City to manage the dining and catering facilities of Whitby Castle, which opened in early 2001. The City upgraded its vehicle fleet with \$770,213 in new vehicles and improved its facilities with \$286,917 in the construction or reconstruction of City-owned buildings.

#### **ACCOUNTING SYSTEM, INTERNAL CONTROL AND BUDGETING**

The City follows the modified accrual basis of accounting in the governmental fund types, expendable trust and agency funds. Under this basis of accounting, revenues are recorded when they become measurable and available to finance current operations. Expenditures are recorded when the services and/or goods are received and the related liability is incurred, except as described in the notes to the financial statements.

For its proprietary type funds and non-expendable trust funds, the City follows the accrual basis of accounting. Under this basis of accounting, revenues are recognized when earned and expenses are recorded at the time liabilities are incurred.

Consideration has been given to the adequacy of internal accounting controls in both the development of and modifications to the City's accounting and financial reporting system.

The City's system of internal controls is designed to provide reasonable, but not absolute, assurance as to the safeguarding of assets against loss from unauthorized use or disposition, and the reliability of financial records for preparing financial statements. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived and the evaluation of costs and benefits requires estimates and judgments by management. The City Manager and City Comptroller are responsible for the adequacy and effective operation of the systems of control. In order to provide credible and timely information in the most efficient manner, accounting policies, procedures and systems, along with internal controls, are constantly monitored and revised to meet changing requirements.

The City maintains extensive budgetary controls. The objective of these controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council. The General, Special Revenue and Debt Service funds are included in the annual budget. The Capital Projects Fund is budgeted on a project basis. The level of budgetary control (i.e., the level at which expenditures cannot legally exceed the appropriated amount) is at the object level (salaries, equipment, benefits, etc.) within each department. Encumbrances are recorded at the time a purchase order is issued. Purchase orders, initiated by department heads, are authorized by the City Manager and issued by the City Comptroller. Purchase orders which result in an overrun of available balances are not released to vendors until transfers are made or additional appropriations are approved by the City Council. Encumbrances at December 31st are reported as reservations of fund balance since they do not constitute expenditures.

### **General Governmental Functions**

The following schedule presents a summary of General, Special Revenue, Debt Service and Capital Project funds revenue and other financing sources for the year ended December 31, 2000 and the amount and percentage of increase or decrease in relation to the prior year:



Revenues and Other Financing Sources	2000 Amount	Percent of Total	1999 Amount	Percent of Total	Increase (Decrease) Amount	Increase (Decrease) Percent
Real property tax and related items	\$ 9,970,349	49.70%	\$ 9,505,107	48.04%	\$ 465,242	4.89%
Non-property tax items	1,766,233	8.80	1,568,420	7.93	197,813	12.61
Charges for services	968,007	4.82	982,969	4.97	(14,962)	(1.52)
Intergovernmental charges	65,197	0.32	62,286	0.31	2,911	4.67
Use of money and property	818,694	4.08	599,320	3.03	219,374	36.60
Licenses and permits	1,048,373	5.23	1,374,623	6.95	(326,250)	(23.73)
Fines and forfeitures	415,043	2.07	358,723	1.82	56,320	15.70
Sale of property and compensation for loss	124,569	0.62	264,573	1.34	(140,004)	(52.92)
Interfund revenues	304,630	1.52	304,644	1.54	(14)	-
State aid	2,393,383	11.93	1,978,317	10.00	415,066	20.98
Federal aid	382,673	1.91	75,460	0.38	307,213	407.12
Miscellaneous	34,164	0.17	56,351	0.28	(22,187)	(39.37)
<b>Total Revenues</b>	<b>18,291,315</b>	<b>91.17</b>	<b>17,130,793</b>	<b>86.59</b>	<b>1,160,522</b>	<b>6.77</b>
Other Financing Sources:						
Proceeds from serial bonds	740,000	3.69	-	-	740,000	100.00
Operating transfers in	1,032,058	5.14	2,653,251	13.41	(1,621,193)	(61.10)
<b>Total Other Financing Sources</b>	<b>1,772,058</b>	<b>8.83</b>	<b>2,653,251</b>	<b>13.41</b>	<b>(881,193)</b>	<b>(33.21)</b>
<b>Total Revenues and Other Financing Sources</b>	<b>\$20,063,373</b>	<b>100.00%</b>	<b>\$19,784,044</b>	<b>100.00%</b>	<b>\$ 279,329</b>	<b>1.41%</b>

Property taxes reflected a slight increase due to an increase in the taxable assessment roll and a 3.7% increase in the property tax rate. Interest and penalties on real property taxes, which reflect the timeliness of taxpayers meeting their property tax obligations, increased by \$19,190 (23%). The increase in non-property tax items, which include both the non-property tax distribution from the County and gross utility receipts, are dependent upon consumer purchases and reflect the health of the local economy.

Charges for services and intergovernmental charges remained relatively stable compared to 1999 results. Use of money and property (mostly interest earnings) increased dramatically due to

increases in interest rates during fiscal 2000. Licenses and permits were down due to reduced building and alteration activity. It should be noted that building and alteration activity in 1999 was unusually active. The increase in fines and forfeitures represents aggressive enforcement of our codes and regulations, particularly in the areas of parking and traffic safety. Sale of property and compensation for loss decreased and is representative of reduced workers' compensation recoveries. Interfund revenues remained stable. State aid increased mostly due to increased mortgage tax collections. The increase in Federal aid represents reimbursements to the City for its participation in the Federal Emergency Management Agency's "Project Impact" initiative, as well as funding from the USDA's Natural Resources Conservation Services for studies performed involving the Beaver Swamp Brook watershed.

A comparison of 2000 and 1999 expenditures and other financing uses for the General, Special Revenue, Debt Service and Capital Projects funds is as follows:

<u>Expenditures and Other Financing Uses</u>	<u>2000 Amount</u>	<u>Percent of Total</u>	<u>1999 Amount</u>	<u>Percent of Total</u>	<u>Increase (Decrease) Amount</u>	<u>Increase (Decrease) Percent</u>
Current:						
General government	\$ 2,477,513	13.38%	\$ 2,035,032	10.46%	\$ 442,481	21.74%
Public safety	6,681,111	36.08	6,373,851	32.76	307,260	4.82
Community environment	4,691,887	25.33	4,469,398	22.97	222,489	4.97
Culture and recreation	2,407,106	13.00	2,241,700	11.52	165,406	7.38
Debt Service	54,935	0.29	52,536	0.27	2,399	4.57
Capital Outlay	<u>1,162,547</u>	<u>6.28</u>	<u>1,289,660</u>	<u>6.63</u>	<u>(127,113)</u>	<u>(9.86)</u>
Total Expenditures	17,475,099	94.36	16,462,177	84.61	1,012,922	6.15
Other Financing Uses - Operating transfers out	<u>1,044,308</u>	<u>5.64</u>	<u>2,993,831</u>	<u>15.39</u>	<u>(1,949,523)</u>	<u>(65.12)</u>
Total Expenditures and Other Financing Uses	<u>\$18,519,407</u>	<u>100.00%</u>	<u>\$19,456,008</u>	<u>100.00%</u>	<u>\$ (936,601)</u>	<u>(4.81)%</u>

Of the \$442,481 increase in general government expenditures, \$265,477 can be attributed to the retirement and replacement of the City Manager and changes associated with the transition. The remainder of the increases represent contractual salary and benefits and other operating expenditures. Public safety, community environment, and culture and recreation expenditures remained relatively stable, exclusive of contracted salary and benefit increases. The reduction in capital outlay was in accordance with the City's planned expenditures for capital assets.

## **Fund Balance - General Fund**

The General Fund fund balance at December 31, 2000 was \$6,841,439. Of this amount, the unreserved and undesignated fund balance was \$3,525,094, which is 17.8% of the fiscal 2001 appropriations and is in compliance with the City's policy of maintaining an unreserved undesignated fund balance of at least 5%.

## **Proprietary Operations**

The City operates two enterprise funds (the Boat Basin Fund and the Golf Club Fund) and two internal service funds (the Risk Retention Fund and the Building and Vehicle Maintenance Fund).

The Boat Basin Fund generated net income of \$156,483 in 2000 compared with \$92,421 in 1999. Operating revenues increased a nominal \$44,612 (11.5%). Operating expenses were down \$6,989 (2.2%) primarily due to the departure of a full-time employee who was not replaced for a period of time. Interest income was up \$12,461 (48.7%) due to favorable investment rates of return.

The Golf Club Fund generated net income of \$639,205 compared with \$676,456 in 1999. Operating revenues were up \$205,418 (6.59%) due to an increase in user fees and increased participation. Operating expenses were up \$313,721 (12.8%) representing nominal increases in most expense categories. Interest income was up \$62,667 (86.4%) due to more funds available for investment at higher rates of return.

The Risk Retention Fund generated a planned operating loss of \$52,070. The City was very successful in minimizing liability risk over the last several years, allowing for the use of retained earnings to subsidize some of the costs associated with the risk program. The City utilizes the services of an independent actuary to calculate incurred but not reported claims ("IBNR's"). Retained earnings at December 31, 2000 were 54% of annual expenses.

The Building and Vehicle Maintenance Fund net income for 2000 was \$180,479 compared with \$476,431 in 1999. The revenues of this fund are primarily service charges to other funds of the City and transfers in from other funds for capital expenses related to City-owned buildings and vehicles. Revenues are planned in such a way as to meet, but not exceed or fall below, the annual expenses of the fund.

## **Debt Administration**

The City had \$10,570,000 of long-term debt outstanding at December 31, 2000. This balance includes \$872,000 of general long-term debt, \$5,975,000 related to the Golf Club Fund and \$3,723,000 related to the Building and Vehicle Maintenance Fund. The City amortized \$44,000 in principal and \$6,908 in interest on general long-term debt, \$300,000 in principal and \$56,884 in interest on Golf Club Fund debt, and \$91,000 in principal and \$41,073 in interest on Building and Vehicle Maintenance Fund debt.

The ratio of net general long-term debt to assessed valuation and the amount of net general long-term debt per capita are used by rating agencies, investors and management as indicators of the City's debt position. At December 31, 2000, this data was as follows:

<u>Net General Long-Term Debt</u>	<u>Ratio of Debt to Assessed Valuation</u>	<u>Debt Per Capita</u>
\$859,256	0.65%	\$57.46

## **CASH MANAGEMENT POLICIES AND PRACTICES**

In accordance with General Municipal Law §39, the City has adopted a cash management and investment policy based on the principles of legality, safety, liquidity and yield. The City may only deposit funds in a commercial bank licensed to do business in New York State. Deposits exceeding Federal Deposit Insurance Corporation (FDIC) limits must be protected by collateral which meets or exceeds the guidelines of the City's cash management and investment policy. Investments may only be made in certain securities approved by law and in accordance with the City's policy. The City monitors its bank balances and investments daily, and takes necessary measures to ensure that sufficient funds are available to meet current expenditures. Revenues received are recorded and deposited timely, and idle cash is invested to obtain the highest yield.

The City, in 2000, had deposits in a variety of banks, including checking accounts, time deposit accounts and certificates of deposits. All deposits in excess of FDIC limits were secured by collateral. The City also participated in MBIA's CLASS, a cooperative municipal investment pool which is in compliance with State law and the City's policy.

## **RISK MANAGEMENT**

The City maintains a self-insured risk retention program for general liability. This program includes contracts with a claims administrator for claims processing and the purchase of specific and aggregate stop-loss insurance to cover catastrophic losses. Claims reviewed and approved by the claims administrator and the City's Corporation Counsel are forwarded to the City's Finance Department for payment. The claims administrator provides a number of monthly reports related to the City's general liability risk activity as well as advisory services in the area of general liability risk.

The City participates in the Municipal Employees Benefits Consortium (MEBCO) for its health insurance. MEBCO is a public entity risk pool currently operating as a common risk management and health insurance program for its members. Workers' compensation insurance is secured with statutory coverage.

The City provides safety training and accident prevention programs for its employees to ensure that the number and severity of claims for all types of accidents, injuries and illnesses are kept to a minimum.

## **INDEPENDENT AUDIT**

The City Code requires an annual audit by independent auditors. The accounting firm of Bennett Kielson Storch DeSantis & Company LLP was selected by the City Council to perform the audit for the year ended December 31, 2000. The auditors' report is included in the financial section of this report.

## **CERTIFICATE OF ACHIEVEMENT**

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Rye, New York for its comprehensive annual financial report for the fiscal year ended December 31, 1999. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual report, whose contents conform to

program standards. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

### **ACKNOWLEDGMENTS**

We express our sincere appreciation to the department heads and employees of the City who work together with us to provide the highest level of service. We thank former City Manager Frank Culross for his 21 years of dedicated service and leadership and wish him well in his retirement. We welcome the new City Manager Julia Novak to her position and thank her for her support and guidance in helping us achieve the goals and objectives of the City. Our gratitude is extended to the Mayor and City Council, who continually strive to enhance the quality of life for our citizens. We also acknowledge the input received from our independent auditors and commend them on their timely and professional completion of our audit.

Most importantly, our sincere thanks to the citizens and residents of the City of Rye for giving us the opportunity to serve our City.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Michael A. Genito".

Michael A. Genito  
City Comptroller

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Rye,  
New York

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
December 31, 1999

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



*Anne Spray Kinney*  
President

*Jeffrey L. Esser*  
Executive Director

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